

# Audit of Salt Lake County Golf Courses

## Audit Department:

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# Objectives

Our audit objectives were to examine business processes, established controls, and financial transactions at the County Golf Courses to provide reasonable assurance that:

- Cash receipts and receivables are recorded and reported accurately and completely, and free from significant error.
- Processes and procedures are in place to ensure that cash receipts and receivables are handled in accordance with all applicable County policies and standards.
- Golf course management provides adequate fiscal oversight to ensure that cash receipts are properly safeguarded against loss, theft, waste, or abuse.

## Significant Risks

Our audit found that there is a lack of management review and oversight. Some of our findings that represent a significant risk to the County are:

- Incomplete monthly reconciliations
- There is no review and sign-off on daily deposit documentation
- Deferred revenue transactions were not accounted for appropriately
- Inadequate league credit oversight, reconciliation, and documentation
- No segregation of duties for concessionaire payments

# Finding 1: Incomplete monthly reconciliations.

Summary	Recommendations
<p>Bank reconciliations did not include investigation and resolution of all variances. Variances attributed to refunds by the Accountant were not documented in the POS system nor accompanied by documentation supporting amounts refunded.</p>	<ol style="list-style-type: none"><li>1. We recommend that management investigate and document the refunds/debit memos on the golf course bank statements to ensure that they match the refunds/voids processed.</li><li>2. We recommend that management reconcile online gift card purchases monthly.</li><li>3. We recommend that management reconcile credit card service provider statements of fees charged to bank statements.</li></ol>

# Finding 1: Incomplete monthly reconciliations (continued).

Summary	Recommendations
Bank reconciliations did not include investigation and resolution of all variances. Variances attributed to refunds by the Accountant were not documented in the POS system nor accompanied by documentation supporting amounts refunded.	<div>4. We recommend that management ensure variances noted during reconciliations are documented, investigated, and, wherever possible, resolved.</div> <div>5. We recommend that management deactivate gift cards whenever the original payment is refunded or reversed.</div>

## Finding 2: No review and sign-off on daily deposit documentation.

Summary	Recommendations
<p>Mick Riley and Mountain View management were not reviewing and signing off on the daily paperwork.</p>	<ol style="list-style-type: none"><li data-bbox="784 482 2397 615">1. We recommend that all deposit documentation be retained on file.</li><li data-bbox="784 644 2397 1029">2. We recommend that a supervisor, or other designated employee, review individual balance sheets, bank deposit slips and POS Reports. The designated employees should then sign the individual balance sheets as an indication of reviews done as required by policy.</li><li data-bbox="784 1058 2397 1272">3. We recommend periodic review and training by Golf Course Management to ensure uniformity in filing and reviewing of daily reports.</li></ol>

## Finding 3: Inadequate league credit oversight, reconciliation, and documentation

Summary	Recommendations
<p>League payments and credits were not reconciled, and documentation was not always retained on file. Patrons redeemed credits more than the amount issued.</p>	<ol style="list-style-type: none"><li data-bbox="820 482 2397 943">1. We recommend that a review and reconciliation process be performed on the merchandise credits after they have been awarded. The reconciliation and review process should include matching the credits issued to the winner's sheets. We recommend the reconciliation be signed by the employee as well as their direct supervisor.</li><li data-bbox="820 972 2333 1200">2. We recommend that management work with the POS software vendor to restrict credits from being redeemed on accounts in excess of those issued.</li></ol>



# Finding 3: Inadequate league credit oversight, reconciliation, and documentation (continued)

Summary	Recommendations
League payments and credits were not reconciled, and documentation was not always retained on file. Patrons redeemed credits more than the amount issued.	3. We recommend that the Golf Courses create a written League policy that incorporates the recommendations listed.



# Finding 4: No segregation of duties for concessionaire payments.

Summary	Recommendations
<p>Golf Professionals received, recorded, and deposited payments received from concessionaires. No other employee performed part of the process or supervisory oversight to ensure all amounts were received and deposited.</p>	<ol style="list-style-type: none"><li>1. We recommend that the management establish segregation of duties in the management of concessionaire's contracts and payments.</li><li>2. We recommend that management perform independent oversight to ensure that all concessionaire payments are received on time.</li><li>3. We recommend that management develop a standard policy regarding the format and information required from concessionaires to support payments remitted.</li><li>4. We recommend that payments received from the concessionaires be reconciled to accounting statements submitted by the concessionaire.</li></ol>

## Finding 5: Incomplete voids and refunds documentation.

Summary	Recommendations
<p>Not all original and void receipts were retained and not all refunds and voids were documented by a void slip form.</p>	<ol style="list-style-type: none"><li>1. We recommend that void slips be completed and retained for all refunds and voids performed.</li><li>2. We recommend that management ensure the original receipts and the matching void or refund receipt be retained and attached to completed void slips.</li><li>3. We recommend that Golf Course Professionals or their designee sign all void slips as evidence of their review.</li></ol>

## Finding 6: Deferred revenue transactions were not accounted for appropriately.

Summary	Recommendations
<p>Revenue from gift card sales, league participation fees, which are converted to merchandise credits, and fees paid but converted to rainchecks were recognized at the time of payment, rather than at redemption. This resulted in overstated sales and unrecognized liabilities.</p>	<ol style="list-style-type: none"><li data-bbox="1131 476 2379 839">1. We recommend that management implement policies and procedures to monitor and manage stale-dated gift cards, league credits, and rainchecks, such as periodic reporting and management review.</li><li data-bbox="1131 853 2379 1290">2. We recommend that outstanding gift cards, league credits, and rainchecks be recognized as a liability until they are redeemed or until they are recognized as revenue due to breakage, in accordance with FASB Accounting Standards Update 2014-09.</li></ol>

## Finding 7: Cash overages and shortages not consistently investigated.

Summary	Recommendations
<p>Cash over and short logs were not initialed by cashiers and five of the six golf courses had variances over \$10 that were not investigated or explained.</p>	<ol style="list-style-type: none"><li data-bbox="810 448 2333 648">1. We recommend that management ensure cashiers acknowledge overages and shortages initialing the MPF Form 11, Cash Over/Short Log.</li><li data-bbox="810 669 2384 869">2. We recommend that supervisors or designated employees review and sign MPF Form 11, Cash Over/Short Log as evidence of their review.</li><li data-bbox="810 891 2372 1090">3. We recommend that overages and shortages be investigated and either the cause or efforts taken to determine the cause, be documented.</li><li data-bbox="810 1112 2346 1312">4. We recommend that management ensure MPF Form 11, Cash Over/Short Log and the Monthly Report of Cash Receipts are retained on file.</li></ol>

## Finding 8. Change funds did not match accounting records for 2 courses.

Summary	Recommendations
<p>Change funds at Mountain View and Mick Riley had variances of \$20 or more. In addition, none of the Golf Courses used MPF Form 7, Fund Transfer Ledger, or similar log, each time the Change Fund was accessed or retrieved.</p>	<ol style="list-style-type: none"><li data-bbox="853 448 2331 748">1. We recommend that all golf courses implement a standard of counting the change fund contained in the cashier drawers prior to them being used in the pro shop.</li><li data-bbox="853 776 2305 991">2. We recommend that Mick Riley, Mountain View and South Mountain deposit the change fund overages to the bank in their next deposit.</li><li data-bbox="853 1019 2382 1233">3. We recommend that MPF Form 7, Fund Transfer Ledger, or similar log, be kept, completed, and signed each time the Change Fund is accessed or retrieved.</li></ol>

# Management Response

- Salt Lake County Golf Division was excellent to work with.
  - Agreed with recommendations and majority will be implemented by January 2023.
  - It should be noted that in our opinion, our recommendations can and should be implemented much sooner than these target dates. Preferably within the next 30-60 days.